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DESIGNATION OF A PERMANENT SECRETARIAT AND ARRANGEMENTS FOR ITS FUNCTIONING

Note by the Executive Secretary

Addendum

FINANCIAL RULES OF THE CONFERENCE OF THE PARTIES AND OF ITS SUBSIDIARY BODIES

Budget outline for the permanent secretariat

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I. INTRODUCTION

A. Committee mandate

1. The conclusions of the Contact Group on the permanent secretariat, as endorsed by the Committee at its tenth session, included a request to the interim secretariat to prepare a budget outline showing the possible functions and estimated cost of the permanent secretariat for 1996, on the assumption that the entire cost of the secretariat would be borne by the Parties to the Convention (A/AC.237/76, para. 123(c)). This note responds to that request.

B. Scope of the note

2. This note presents, for the calendar years 1996 and 1997:

- considerations with respect to an initial structure of the permanent secretariat and related funding implications (section II);
- an outline staffing plan and indicative estimates of staff costs (section III); and
- an overall budget figure for each of the two years, taking account of the need to build up an operational reserve (section IV).

The budget outline provides indicative estimates for discussion. As such, it is not a proposal submitted for approval.

3. The two-year coverage reflects the proposal for a two-year financial period, starting with the biennium 1996/97, in the note on financial procedures submitted to the Committee (see A/AC.237/79/Add.2, para. 7, and annex I, para. 2). That note also includes other proposals relevant to the consideration of a budget outline (for example, those relating to the scope of the core budget, the scale of contributions thereto, and the establishment of a trust fund for the core budget, of other funds and of an operational reserve).

4. As indicated in the terms of reference set by the Contact Group for the present note, as well as in the proposed financial procedures, financial support for the participation of developing and other countries in the work of the Conference of the Parties (COP) and its subsidiary bodies is to be funded separately from the core budget, through a special voluntary fund (see A/AC.237/76, para. 123(c), and A/AC.237/79/Add.2, para. 13, and annex I, para. 15). Nevertheless, an estimate of requirements for this purpose is provided in section IV below, for the sake of completeness.

5. This note draws upon experience gained in the operation and funding of the interim secretariat. The estimates of resource needs build on those for the interim secretariat in 1995, which are before the eleventh session of the Committee, under item 10 of the provisional agenda, in document A/AC.237/80.

C. Possible action by the Committee

6. The Committee is invited to consider this note, in conjunction with that on financial procedures. It may wish to make recommendations to the COP concerning the functions and resource needs of the permanent secretariat for the biennium 1996/97, so that a budget for the biennium may be adopted by the COP at its first session (COP 1).

7. In view of the proposals concerning budget review contained in the draft financial procedures (A/AC.237/79/Add.2, para. 9, and annex I, paras. 4 and 5), the Committee may consider whether such a review would be useful before or at the start of COP 1, in order for timely decisions to be taken by COP 1. If the Committee's conclusion is affirmative, it may consider making ad hoc arrangements for this review to be initiated ahead of COP 1, without prejudice to such definitive arrangements as the COP may determine. One possible course of action would be for the Committee to entrust the budget review to a small, representative group of its members that are also Parties (for example an enlarged Contact Group) and request this ad hoc group to start work during the eleventh session. It could report any preliminary conclusions to the Committee by the end of the session and meet immediately prior to COP 1 to agree on a full report to the COP. It might also be possible for the Advisory Committee on Administrative and Budgetary Questions to provide comments on the proposed budget, if this could be scheduled in the short time available before COP 1.

8. In addition, the Committee could refer to the same ad hoc group of Parties any unfinished business relating to financial procedures. It may further recommend that the COP confirm this group in its functions for as long as may be needed during COP 1.

9. The Committee may wish to indicate what, if any, additional information might usefully be presented by the interim secretariat to facilitate the adoption of a budget by COP 1.

II. INITIAL STRUCTURE OF THE PERMANENT SECRETARIAT AND FUNDING IMPLICATIONS

A. Structure

10. A possible secretariat structure was presented to the Committee at its tenth session (see A/AC.237/60, para. 28). That outline indicated four activity areas, in addition to that of executive direction and overall coordination. While derived from the experience of the interim secretariat in servicing the Committee, it incorporated certain adaptations to the expected content and structure of the intergovernmental process under the COP. A similar structure is envisaged in the present note, with some modifications. A corresponding organigram would still show four units whose heads report to the head of the secretariat. In this organizational model, there would be two substantive divisions (with "line" responsibilities) and two supporting services (with "staff" responsibilities).

1. Divisions

11. The two substantive **divisions** would carry out work mandated by the COP on:

- communication, assessment and review tasks in support of the COP and the subsidiary bodies
- sustainable development cooperation, including the functioning of the financial mechanism.

12. **Communication, assessment and review** tasks could include work on:

(a) Guidelines for communications under Article 12, by Annex I Parties and developing country Parties;

(b) Review of communications under Article 12;

(c) A multilateral consultative process under Article 13;

(d) Scientific outreach and inflow of scientific and technical information;

(e) Management and dissemination of data from communications, including inventory data;

(f) Assessment and development of methodologies; and

(g) Assessment of technological options and exchange of technological information.

As these tasks encompass the bulk of activities in support of the Subsidiary Body for Scientific and Technological Advice (SBSTA), the head of this division would be responsible for coordinating secretariat support for the SBSTA, mobilizing inputs from other parts of the secretariat as needed.

13. **Sustainable development cooperation** could cover work on:

(a) The functioning of the financial mechanism: guidance to and accountability of the operating entity or entities, modalities and arrangements under Article 11.3;

(b) CC:COPE: facilitation of technical and financial support for developing country Parties, including CC:INFO and CC:TRAIN; and

(c) Cooperative activities: criteria for joint implementation and facilitation of cooperative activities among Parties.

14. The two substantive divisions would be generally self-contained and capable of working with relative autonomy, in accordance with intergovernmentally-agreed mandates and within guidelines set by the head of the secretariat. Both divisions would need to include, in their respective areas, some capacity to support the exploration of new concepts and policy approaches by the COP and the subsidiary bodies. The head of each division, while being accountable to the head of the secretariat, would need to interact directly with counterparts in organizations and processes related to the Convention. The first-mentioned would ensure the secretariat's linkage with the Intergovernmental Panel on Climate Change and other bodies working on relevant scientific, economic, social and technical matters, while the second would interact with the operating entity or entities of the financial mechanism and with other financial and development cooperation institutions.

2. Services

15. The two **services** would ensure:

- organizational support: external relations (with Governments, the United Nations system, intergovernmental and non-governmental organizations), public information, general legal advice, conference management, financial support for participation, administration, secretariat information system

- planning and coordination of substantive support for intergovernmental processes.

16. The cluster of **organizational support services** involves a multiplicity of tasks, each with its linkages to other services and programmes within the United Nations. Nevertheless, there are many factors in common among these tasks and there is merit in grouping them under common management, to impart versatility and flexibility to the use of staff and other resources, thus maximizing productivity. Of particular importance is the information system that, by its nature, is resource-intensive, and needs to be managed in such a way as to respond to different demands in the two divisions and two services of the secretariat (for example, the management and dissemination of data from communications or the information exchange activities under CC:COPE).

17. The **planning and coordination service** is envisaged as a small unit, providing staff support to the head of the secretariat in planning and coordinating the work of the secretariat as a whole and in coordinating support for the COP. In addition, this unit would assist the head of the secretariat in mobilizing and coordinating secretariat support for the Subsidiary Body for Implementation (SBI), and for any future negotiating processes, drawing on the expertise of the substantive divisions to perform these tasks. This unit would also prepare reports of a general nature to the COP and the SBI, notably the report on implementation (see Committee recommendation 1) but also reports on institutional questions and programme budget documents.

18. The two services would work in close support of the secretariat head, acting as managerial arms and -- in the case of organizational support -- carrying out extensive delegated responsibilities. They would provide services to the substantive divisions, as well as directly to the intergovernmental process.

3. Executive direction

19. The head of the Convention secretariat would provide executive direction and overall coordination to the secretariat, being accountable to the COP for the implementation of guidance received on programme and policy matters and for the use of moneys contributed by Parties. Consistent with the advice of the Secretary-General of the United Nations on an institutional arrangement for the permanent secretariat, the head of the secretariat would also be accountable to the head of the host organization, in the framework of that organization's administrative, financial and personnel regulations, rules and procedures. (See A/AC.237/79/Add. 1, in particular annex V.) In the context of this dual accountability, the responsibilities of the head of the secretariat would include the mobilization of financial resources and of support from partner agencies, departments and programmes, as well as financial and personnel management. The head of the secretariat would also carry out representational functions, as appropriate, on behalf of the Convention.

B. Funding implications

1. A functional approach

20. The principal functions of the Convention secretariat are set out in Article 8 of the Convention; some others are specified in other articles, notably Article 12. For the purposes of a budget outline, the secretariat's tasks can be classified under two broad functional headings:

- A "**servicing**" function: to provide substantive and organizational services, including documentation, to intergovernmental processes under the Convention, namely the COP, the subsidiary bodies and any ad hoc processes under the authority of the COP (for example, negotiations on a protocol or a group of legal experts on Article 13)

- An "**operational**" function: to facilitate and support action by Parties, particularly developing country Parties, to implement the Convention at the national and regional level and to enhance their ability to contribute to Convention processes.

2. Core and voluntary funding

21. The **servicing** function is at the core of the secretariat's responsibilities, for which it is directly accountable to the COP. This function should therefore be funded, on an agreed and predictable basis, from the **core administrative budget**. Predictability is essential to ensure continuous staff support for an on-going intergovernmental work programme.

22. In addition to support for meetings, a number of tasks that are directly related to intergovernmental processes would be part of the servicing function and thus eligible for funding from the core budget. One of these is the coordination and technical support of the in-depth review of communications from Annex I Parties. Other tasks arising in the future from the communication and review process would also fall into this category: for example, the task of managing and disseminating data from national communications, notably inventory data. Any formal responsibilities devolving on the secretariat under possible future arrangements for joint implementation would also be part of the core servicing function, under the authority of the COP.

23. On the other hand, the **operational** function may be considered as eligible for **voluntary funding**. This is not to belittle the importance of this function, or of continuity in this work, in response to demand from beneficiary countries. For this reason, provision could be made in the core budget for the task of mobilizing and coordinating operational activities. The specific activities themselves, however, would be funded outside the core budget, whether by multilateral

funds or programmes, as projects covered by the financial mechanism of the Convention, or from a secretariat trust fund to be constituted separately from the trust fund for the core budget (see A/AC.237/79/Add.2, para. 13 and annex I, para. 16). The tasks mentioned in the preceding section that would fall into the operational category, eligible for voluntary funding, are those related to the collection and exchange of information in support of national and regional action, namely CC:INFO and CC:TRAIN (part of para. 13 (b), except CC:COPE programme management). Any tasks related to the exchange of technological information (part of para. 12(g)) and facilitation of cooperative activities (part of para. 13(c)) would also be in this category.

24. This classification of functions for funding purposes is not watertight and would have to be kept under review. It is possible, for example, that certain information exchange activities would become so integrated with formal Convention processes as to justify their being moved into the core budget.

3. Availability of support services from the United Nations

25. In the present arrangements for the interim secretariat, a number of organizational support services have been provided free of charge through arrangements with United Nations departments and programmes, namely technical secretariat support for intergovernmental meetings, administration and public information. It is not certain whether these arrangements will continue for the permanent secretariat and it may be necessary to provide for them within the core budget, as explained hereunder.

26. The interim secretariat has been advised that the provision of staff by the Department for Policy Coordination and Sustainable Development (DPCSD) for the technical secretariat of meetings cannot be undertaken for sessions of the subsidiary bodies nor guaranteed for sessions of the COP. Given the heavy schedule envisaged for the COP, the subsidiary bodies and related processes, it would be prudent to provide for a conference management capacity within the secretariat to ensure the technical servicing of these meetings, mobilizing additional services and staff on loan or on a temporary basis as required. This staff would also handle arrangements for COP sessions away from the seat of the secretariat. The arrangements for COP 1 in Berlin have been a major task in recent months and it may be expected that the practice of holding some COP sessions away from base will continue.

27. Administrative services are currently provided to the interim secretariat through a unit of DPCSD, located in Geneva, which also serves the interim secretariat of the Convention to combat Desertification. The combined demands of the two interim secretariats have strained the capacity of this service, notably to provide support for cash-flow monitoring and financial accountability. It will be necessary to provide for additional administrative support, possibly

including a contribution thereto from the Convention budget. The nature and scale of support required will depend on future administrative arrangements, in the context of the institutional linkage of the permanent secretariat, as well as on its physical location.

28. A modest public information activity is currently being undertaken by the interim secretariat in partnership with the Information Unit on Climate Change (IUCC) of the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). Funding for IUCC is being sought by UNEP but remains uncertain; its staff is being merged with the general public information function of UNEP's Regional Office for Europe. In view of this situation, provision might need to be made to maintain a basic public information capacity within the permanent secretariat.

29. The provision of organizational support services is the most likely area in which economies might be achieved through the co-location of the Convention secretariat with one or more other programmes or secretariats needing or providing such services. Since the physical location -- and possible co-location -- of the permanent secretariat remains to be decided, the approach followed in this note is that indicated by the Contact Group's conclusions, namely to assume that the entire cost of such services will be met by the Parties. The possibility that such services may be provided by partner organizations is, however, noted (see para. 38(b) below).

III. STAFFING ESTIMATES

A. Staffing plan

30. The staffing plan for the permanent secretariat seeks to achieve a mix of levels or grades of staff, in order to attract both experience and youth, provide staff with opportunities for advancement within the secretariat and ensure adequate managerial capacity. In order to accommodate the transition from the interim to the permanent secretariat, the plan takes account of the present grades of staff in the interim secretariat, including staff provided by organizations and funded bilaterally by Governments, at levels indicated by them. The plan also takes account of the need for effective and relatively autonomous managers at the head of the two divisions and the organizational support services, as well as for a good complement of middle management (including in this category the capacity for conceptual work and policy development). The need for senior managers to communicate and negotiate authoritatively with senior interlocutors is also a relevant factor. (See also paragraphs 14 and 18 above.)

31. Thus, it is envisaged that the two divisions could each be headed by a director (D-2) and the two services by a principal officer (D-1). Each division would include a number of units, that could be headed at the D-1 or P-5 levels. Units providing organizational support services

could be headed at the P-5 level. In all these cases, the level indicated is an upper limit, for the purpose of estimating costs; the actual level of the incumbents may be lower. The level of the post of head of the Convention secretariat is not identified in the estimates but is left to be determined by the COP, consistent with the advice of the Secretary-General on an institutional arrangement (see A/AC.237/79/Add.1, annex III, para. 17).

32. On this basis, the staffing of the five main elements in the proposed structure could be as follows:

(a) **Executive direction and overall coordination**

Head of secretariat, 1x P-4, 3x GS (total: 5)

(b) **Planning and coordination unit**

1x D-1, 1x P-3, 2x GS (total: 4)

(c) **Organizational support services**
(Units: Coordination (2 staff); legal advice (2 staff); conference management/external relations (5 staff); information system (8 staff); administration (3 staff))

1x D-1, 3x P-5, 3x P-4, 3x P-3, 2x P-2, 8x GS (total: 20)

(d) **Division for communication, assessment and review**
(Units: Coordination (3 staff); communication/review, including data management (8 staff); scientific outreach (3 staff); methodologies/technologies (3 staff); policy development, including Article 13 (3 staff))

1x D-2, 2x D-1, 2x P-5, 3x P-4, 5x P-3, 1x P-2, 6x GS (total: 20)

(e) **Division for sustainable development cooperation**
(Units: Coordination (2 staff); financial mechanism (4 staff); CC:COPE, including CC:INFO (2 staff); cooperative activities (2 staff))

1x D-2, 1x D-1, 2x P-5, 1x P-4, 1x P3, 4x GS (total: 10)

CC:INFO and related activities (voluntary funding)
1x P-4, 2x P-3, 1x P-2, 2x GS (total: 6)

B. Staffing costs

33. The cost of the above staffing plan has been estimated on the basis of standard salary costs for the United Nations budget in 1996 and 1997, including provision for common staff costs (benefits and entitlements). The figures shown below are for staff stationed in Geneva; different duty stations would produce different cost estimates and these could be worked out once some guidance has been given on the staffing plan.

34. The staffing costs for the **core administrative budget**, are shown in annex I.

35. In addition, the staffing costs presently estimated for **voluntary funding** are shown in annex II.

C. Composition of staff

36. In the context of the secretariat's structure, attention will need to be paid to the geographical composition of staff, overall and at senior levels. When combined with high professional competence, a good geographical mix of staff improves the quality of an international secretariat by bringing different views and experiences to bear. The proposed structure provides an opportunity to achieve such a mix. The achievement of this aim will depend to a large extent on the predictability of funding for the core budget (allowing the international recruitment of staff from different countries for a reasonable duration) and on the funding being untied. The latter point is already made in the document on funding needs for 1995 (see A/AC.237/80, paras. 12-13).

IV. OVERALL BUDGET ESTIMATES FOR 1996 AND 1997

37. In addition to the staff costs estimated above, the overall budget will include various non-staff costs. Annex III encompasses both the staff and non-staff costs, including the 13 per cent administrative overhead charge. The following points may assist in reading the table:

(a) The conference servicing costs have been developed based on an assumption of six weeks of meetings at US$ 500,000 per week;

(b) The cost estimates for any services provided by the United Nations, including conference services, are indicative; they would have to be paid at their actual cost;

(c) The figure for grants and contributions represents a possible contribution to the Intergovernmental Panel on Climate Change to defray costs associated with its work in support of the Convention, particularly scientific assessments;

(d) As proposed in document A/AC.237/79/Add.2, provision has been made for a six-month operational reserve; this could be built up over the first two years of operation;

(e) The estimates for the trust fund for operational activities incorporate estimates of staff and non-staff costs derived from current costs for similar activities (see document A/AC.237/80, on the 1995 funding needs of the interim secretariat);

(f) The estimates for the participation of developing and other countries in the work of the COP and its subsidiary bodies (see para. 4 above) are based on the assumption that there would be three meeting periods of two weeks each in each of 1996 and 1997 and that funding would be provided to some 90 to 100 delegates on each occasion; and

(g) For the purposes of this budget outline, it has been assumed that any technical panels would be small groups of experts that would work in one language and thus not require conference services.

38. Some of the costs shown in annex III could be reduced by:

(a) The provision of staff free of charge whether by partner organizations (see A/AC.237/79/Add.1, annex III, paras. 7-8) or by Governments (although this has implications for the overall geographical composition of staff);

(b) The provision of services by partner organizations to supplement the secretariat's own capacities (see paras. 25-29 above);

(c) Allotments from overheads to cover administrative staff salaries and other administrative costs;

(d) A reduction in the level of the overhead change recovered by the host organization (lower than 13 per cent);

(e) Special contributions -- in cash or in kind (for example, office space free of rental, voluntary contributions) -- by the Government of the host country, over and above its normal contribution to the agreed core budget; and

(f) A possible decision by the General Assembly, in response to a request by COP 1 to absorb some or all conference servicing costs (see A/AC.237/Add.1, annex III, paras. 10-11).

Annex I

STAFFING COSTS - CORE ADMINISTRATIVE BUDGET

(Thousands of US dollars a/)

Level	Number of staff	1996		1997	
		Net cost per staff b/	Total	Net cost per staff b/	Total
Head c/	1	*190.4*	*190.4*	*195.3*	*195.3*
D-2	2	190.4	380.8	195.3	390.6
D-1	5	173.0	865.0	181.1	905.5
P-5	7	161.8	1,132.6	166.1	1,162.7
P-4	8	141.9	1,135.2	145.5	1,164.0
P-3	10	119.2	1,192.0	122.2	1,222.0
P-2	3	96.0	288.0	98.5	295.5
Subtotal D/P	**36**		**5,184.0**		**5,335.6**
GS	23	91.5	2,104.5	93.9	2,159.7
TOTAL	**59**		**7,288.5**		**7,495.3**
13% Overhead			1,089.1		1,120.0
GRAND TOTAL			**8,377.6**		**8,615.3**

a/ The standard exchange rate used is US$ 1 = 1.32 Swiss francs.

b/ Standard pro forma salaries plus common staff costs (benefits and entitlements, estimated at 32 per cent of net salary plus post adjustment).

c/ The level of the head of the secretariat has not been determined (see para. 31).

Annex II

STAFFING COSTS - VOLUNTARY FUNDING

(Thousands of US dollars a/)

Level	Number of staff	1996		1997	
		Net cost per staff b/	Total cost	Net cost per staff b/	Total cost
P-4	1	141.9	141.9	145.5	145.5
P-3	2	119.2	238.4	122.2	244.4
P-2	1	96.0	96.0	98.5	98.5
Subtotal D/P	**4**		**476.3**		**488.4**
GS	2	91.5	183.0	93.9	187.8
TOTAL	**6**		**659.3**		**676.2**
13% Overhead			98.5		101.0
GRAND TOTAL			**757.8**		**777.2**

a/ The standard exchange rate used is US$ 1 = 1.32 Swiss francs.

b/ Standard pro forma salaries plus common staff costs (benefits and entitlements, estimated at 32 percent of net salary plus post adjustment).

Annex III

OVERALL BUDGET ESTIMATES - 1996/97
(Thousands of US dollars a/)

Object	1996		1997 b/	
	Net estimate	with overhead c/	Net estimate	with overhead c/
CORE ADMINISTRATIVE BUDGET:				
Salaries (and common staff costs) d/	7,288.5	8,377.6	7,495.3	8,615.3
General temporary assistance	72.0	82.8	75.0	86.2
Overtime	35.0	40.2	36.0	41.4
Consultants	350.0	402.3	364.0	418.4
Staff travel	515.0	592.0	535.0	614.9
Expert groups	410.0	471.3	426.0	489.7
Contractual services	200.0	229.9	208.0	239.1
Office space, furniture and related costs	1,052.0	1,209.2	1,094.0	1,257.5
Rental and maintenance of equipment	100.0	114.9	104.0	119.5
Hospitality	30.0	34.5	31.0	35.6
Miscellaneous expenses	25.0	28.7	26.0	29.9
Communications	100.0	114.9	104.0	119.5
Supplies and materials	100.0	114.9	104.0	119.5
Office automation equipment	300.0	344.8	312.0	358.6
Sub-total:	**10,577.5**	**12,158.0**	**10,914.3**	**12,545.2**
Grants and contributions (IPCC)	500.0	574.7	520.0	597.7
Conference services	3,000.0	3,448.3	3,120.0	3,586.2
TOTAL CORE BUDGET:	**14,077.5**	**16,181.0**	**14,554.3**	**16,729.1**
OPERATIONAL RESERVE:				
Contributions (first 2 years)	**3,519.4**	**N/A**	**3,638.6**	**N/A**
VOLUNTARY FUNDING:				
Trust fund for operational activities	850.0	977.0	884.0	1,016.1
Special voluntary fund for participation	1,800.0	2,069.0	1,872.0	2,151.7
TOTAL VOLUNTARY FUNDING:	**2,650.0**	**3,046.0**	**2,756.0**	**3,167.8**

a/ The standard exchange rate used is US$ 1 = 1.32 Swiss francs.

b/ Assumes an inflation rate of 4 per cent over 1996 for all lines except salaries, for which standard UN rates are used.

c/ Assumes overhead charge of 13 per cent.

d/ From Table 1.